



Senator Feinstein Urges Defense Department
Review of \$36M Contract with Reliant Energy
July 15, 2004

Washington, DC – U.S. Senator Dianne Feinstein (D-Calif.) today announced that the conference report on the FY05 Defense Appropriations bill includes language calling on the Department of Defense to re-examine a \$36 million contract it awarded Reliant Energy. The legislation was approved by a House-Senate Conference Committee yesterday, and is expected on the House and Senate floors next week.

A Federal grand jury indicted Reliant Energy Services on April 8, 2004 for its manipulation of Western energy markets.

“Reliant should not be rewarded with a \$36 million contract after taking advantage of California’s energy customers who continue to pay for the company’s transgressions,” Senator Feinstein said. **“Not only has Reliant been indicted by a Federal grand jury, but it has been fined by the Commodity Futures Trading Commission and the Federal Energy Regulatory Commission as well for manipulating and gaming Western energy markets.”**

Senator Feinstein included the following language in the joint statement of managers to accompany the bill:

“The Conferees are aware that the Department of Defense issued a \$36 million contract to Reliant Energy Solutions East to provide electricity to military installations on May 19, 2004 (Contract Award SP0600-04-D-8007). Section 9.407-2 of the Federal Acquisition Regulations authorizes the suspension of a contractor on the basis of adequate evidence of any offense ‘indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of the contractor.’ The Conferees direct the Department of Defense Inspector General to review the contract and to take any necessary action against Reliant Energy, Inc. and its subsidiaries, if appropriate. The Department is directed to report to the Committees on Appropriations within 180 days of enactment of this Conference Report on the findings of its review and any subsequent actions taken on this contract.”

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